

THE ROYAL
EXCHANGE

by

A·E·W·MASON





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THE ROYAL EXCHANGE



THE ROYAL EXCHANGE, LONDON.

THE
ROYAL EXCHANGE

A NOTE ON THE OCCASION OF
THE BICENTENARY OF THE
ROYAL EXCHANGE ASSURANCE

ALFRED EDWARD
BY
WOODLEY
A. E. W. MASON
''

ROYAL EXCHANGE
LONDON
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PART I.
THE HOUSE.

CHAPTER I.

SIR THOMAS GRESHAM AND THE FIRST ROYAL EXCHANGE.

ON the afternoon of January 23rd, in the year 1571, Queen Elizabeth went from her Palace of Somerset House to dine with Sir Thomas Gresham at his fine mansion in Austin Friars. She went in state with her Trumpeters and Halberdiers, but the visit was no such great mark of distinction as in these days it would be. For one thing, Sir Thomas was a person of much importance in the Realm. He was a member of the Mercers' Company which was established as long ago as 1172; he was the Royal Agent in the Low Countries, and by other important services had Her Majesty in his debt. There was another reason not to be lost sight of in any narrative which is concerned with the City of London. The social barriers—

which at a later date were to divide the City from the Court for the best part of a couple of centuries—had not yet been erected. Wars and the art of soldiering have been from time immemorial the great origins of social divisions, and these were times of peace. Seventeen years had still to come before the Armada was to sail out of Corunna harbour. Moreover, there was no West End. Great nobles lived cheek by jowl with the great merchants, and the latter held their own in social esteem much as they have done during the last fifty years.

The Queen was on her way to open Sir Thomas Gresham's new Bourse, and she sat at dinner with Sir Thomas Gresham upon her right hand, and upon her left the French Ambassador, Monsieur La Motte Fénelon, to whom we are indebted for an account of his share in that great woman's conversation. We have no record, worse luck, of what passed between her and Sir Thomas Gresham. But no doubt she whispered to him her intention to dignify his Exchange with the epithet of "Royal," and no doubt he took the occasion to embroider upon certain passages from a letter which he had

had the honour to write to her from Bruges :
“The Stillyard hath been the chiefest
point in the undoing of this your Realm
and the Merchants of the same.”

We are not to picture Sir Thomas as unduly elated ; the building was, to be sure, a great thing in the history of London and a definite help to the commerce of England. It had been mooted before. His father, Sir Richard Gresham, Master of the Mercers' Company and Lord Mayor of London, for many years had advocated the erection of an Exchange in London and to him credit for the original conception must be given. Henry the Eighth in the twenty-sixth year of his reign sent his letters to the City for the making of a new Burse at Leadenhall, but by a show of hands the City had refused it, preferring that the merchants should still meet to conduct their business on the cobble stones of Lombard Street. Now, however, the Exchange was a fact. It stood facing Cornhill with the great gilt Grasshopper of Sir Thomas Gresham's crest perched on the top of its tall tower. But the Exchange was not the end of Sir Thomas

Gresham's policy—it was no more than the half-way house on the road of his high ambitions. It was to be one of the means by which Englishmen were to become masters in their own City and the pernicious rule of the Lombardy men, and above all of the Stillyard was to be destroyed.

The Stillyard was, to the modern understanding, one of the strangest institutions which the world has ever seen. It took its origin from the debts of the early English kings and the money with which the German traders from the Baltic, the Easterlings as they were called, were able to provide them. These Easterlings or Emperor's men—the latter designation in time came to supersede the earlier—were the representatives in England of the famous Hanseatic League, and for the greater part of the five centuries which followed upon the reign of Edward the Confessor, they used England's inability to finance her wars on the Continent, and her Crusades in the East, to fix a stranglehold upon British Commerce. They were established in rights and privileges which no English shared with them; they paid fixed taxes; they held a monopoly

of the export of the most valuable raw materials, such as wool, and of the import of the most valuable finished products. The early history of this country gives many a significant little proof of the great power which they held. They were responsible for the upkeep of Bishopsgate, except the hinges, for which the Bishop of London was responsible, and on account of this obligation they were relieved from the tax called "Murage," which was devoted to the upkeep of the City walls. In 1303, Edward the First, when replying to a Petition, presented by the Mayor, Aldermen and Commoners of the City of London, asking that the Lombards might be forbidden from dwelling in the City, acting as brokers, or buying and selling by retail, stated, that if the Citizens would put the City under good government, no foreigner should be allowed so to dwell or act in the City or its Liberties, save and except the merchants of the Hanseatic towns. They were exempted, moreover, from the particular service of keeping watch against the Pirates, who from the 13th to the 16th Centuries infested the Channel and the

mouth of the Thames. This exemption is all the more remarkable since the Alemanes or Alemans—another of their many designations—having practically the monopoly of the sea-borne commerce, were the first to benefit by that vigilance. How dangerous these Pirates were, can be easily understood from the fact that when Henry the Fourth crossed the Thames from Queenborough in Sheppey to Leigh in Essex, in order to escape a pestilence which was raging in London, one of his ships, containing his baggage and some of his retinue, fell into the hands of Pirates, while the King narrowly escaped capture himself. The power of the Stillyard was thus a formidable thing, and its governors had surrounded it by such precautions and safeguards as made it doubly difficult to destroy. The Members of the Steelyard or Stillyard—spelling was never an exact science until a very recent date—lived, for instance, upon the Monastic plan. No guild or corporation or trades union which ever existed set so strict a limit to the number of its members. Its great yards and buildings stood upon the bank of the Thames where to-day the arches of the

South Eastern Railway carry the lines into Cannon Street Station. They were known first of all as the "Stapelhof," the Stapel House; this name was contracted into "Staelhof"; the Staelhof in its turn became anglicised into "Stilliards," and then, by a change which had nothing to do with the meaning of the institution, was transmuted in common parlance into "the Steelyard." The Steelyard, which had subsidiary houses at Boston and Lynn, was the great storage building of England. The raw products for exportation, of which tin, hides and wool were the chief, were assembled there. Thither, too, came the imports from abroad—wheat, rye, grain, cables, wax, steel, linen, cloth and tar in particular. The walls were fortified against attack—a very necessary precaution considering the ill-feeling which the Yard aroused amongst British Londoners. No member of the Stillyard was allowed to marry or even to visit any person of the other sex. At a fixed hour in the evening, all had to be at home, and the gates were rigidly closed; and at a fixed hour in the morning the gates were opened again. All meals were

taken in common, and the members submitted themselves to a Government which consisted of a Master, two assessors and nine common councilmen. This committee held office for a year, the election taking place upon New Year's Eve, and the new Master, with his council, solemnly took oath upon the following day to uphold all the rights and privileges entrusted to his vigilance. It can be easily imagined, therefore, what power a body of this kind possessed, a body without home life or any interests except its commerce, having besides not only the crown of England in its fee, but the monopoly of its sea-borne commerce, and the monopoly of its great product, wool—for it was said in the 14th Century that England with its wool kept the whole world warm—and the stupendous efforts required to destroy it. Yet to destroy it, was again not all of Sir Thomas Gresham's policy. He meant, while destroying it, to graft upon English commerce the business methods by which the Hanseatic League had achieved its pre-eminence. Amongst these methods, by the way, was insurance. We are to imagine, then, Sir Thomas Gresham conversing with his great guest

upon these grave matters, and she in time turning to her companion upon her left. La Motte Fénelon was an old friend of hers, and it is clear that they did some pretty sparring over the vexed question whether she should or should not marry the Duc D'Anjou. It seems that Elizabeth was in great good humour that day. She had not visited the City for two years, and was received with so loving a welcome that probably nothing like to it was afterwards seen until the Jubilee processions of Queen Victoria. But "Gloriana" was not the woman to lose her head, and to hold out hopes that she would marry a foreign prince was one of her favourite tricks with foreign ambassadors. She told Monsieur La Motte Fénelon that she was well aware that the Duc D'Anjou had not the best of reputations, but that she would, if she married him, do her best to be a loving wife and the mother of a fine boy. She broke off to ask him how he thought she was looking—we may be very sure she did not put this question to the great Sir Thomas Gresham. La Motte Fénelon replied that she was divinely beautiful. He could really under

the circumstances say no less. He does not go quite so far in his account of this dinner party to his own Government, but he admits that since she was rising forty, as the phrase goes, she was really surprising.

We must take it that the dinner was a success, for it was nearly seven o'clock in the evening—a late hour for those days—when, accompanied by a great escort of torch bearers, she went on to the Exchange. The building was constructed almost entirely of foreign material. The alabaster came from the Low Countries; the stone from Flanders; even the little blocks of hone stones which still to-day pave the centre of the quadrangle came from Turkey. The Master who superintended the work was Flemish—one Henrik—and almost to a man the builders were from overseas.

It is curious that an Englishman, who was devoting his energies to the release of British commerce from the grasp of the foreigner, should have gone abroad for the material and the workmen for what was to be the monument of English commercial independence. Is it possible that Sir Thomas Gresham had just that touch of

snobbery in small matters—so common a trait of the English character, which professes admiration for everything foreign so long as English interests are not seriously attacked?—the same sort of snobbery which a few years ago filled a suburban drawing room with cheap books and photographs of the Rhine and Switzerland, and found no place for any views of England. However that may be, the first Royal Exchange had little that was English in its composition, even that gallery in which Queen Elizabeth made her clear speech, declaring that henceforth the building was to be the Royal Exchange, must have an outlandish name. It was called the “Pawn,” and like the rest of the Exchange, was lit up—brilliantly for those days—in the Italian style with coloured glass cups full of burning grease, and great wax torches burning in sconces on the walls. The Pawn was decorated with rich hangings and carpets from the East, and the shops glittered with glass and jewellery, silver and gold.

From the ceremony the Queen returned to Somerset House through the lighted streets

by way of Cheapside and Temple Bar—all London was abroad, jostling in the narrow ways, a torrent of splendid colour, ringing cheers, and the orange splashes of torch flames. The Queen could not but be moved. “It does my heart good,” she cried, “to see my subjects so loyal and myself so well beloved.” The tears came into her eyes, and she whispered to La Motte Fénelon, who rode at her side, “My people have only one regret—they know me to be mortal and that I have no child to reign over them after my death.” La Motte Fénelon was touched, as no doubt he was meant to be. Her sincerity was apparent to him, and he had greater hopes than ever that the Duc D’Anjou would sit by her side on the Throne of England. Very likely she *was* sincere, but she was too subtle a woman and too wary a Queen not to make use of her sincerity to fortify that throne of hers which meant so much to the prosperity of her people.

Thus ended a great day in the history of London, and seven years later Sir Thomas Gresham had his way. The Queen, encouraged by Sir William Cecil, afterwards

Lord Burleigh, and Sir Thomas Gresham, declared all the privileges of the Stillyard merchants of whatever nature, null and void for ever. The next year she struck a harder blow. She forbade them to export wool, thus depriving them of the most profitable branch of their business. The Stillyard merchants were unwise enough to appeal to the Diet of the Hanseatic League at Bruges. The Diet responded to the appeal. It threatened England that, unless the Stillyard was restored to its former privileges and rights, the English Company of Merchant Adventurers would be expelled from every town in Germany in which it had established a branch. The Diet, however, did not know the Lady with whom it had to deal. The answer came prompt and sharp in a proclamation which not only closed the Stillyard itself peremptorily, but bade every German merchant leave the Kingdom before the last day of February, 1597. This proclamation was carried out, the German merchants left, the Stillyard was handed over as a store house to the Admiralty, and thus disappeared an

institution as pernicious to the trade of England as the Kingdom has ever known.

But these Germans had built their house well and the great walls of the Yard were still standing in 1863, when the South Eastern Railway built Cannon Street Station.

As for the Royal Exchange itself, it became at once the meeting place of merchants and the promenade of men of fashion. In the day-time grave people of business paced those Turkish hone stones, adjusted their disputes and engaged in transactions with outlandish people from all the then known countries in the world. In the evening the butterflies of fashion would flit from Paul's Walk to the gaily lighted shops of the Pawn, where all they could want from lace, glass, strange curios, to that queer new useful invention—the common pin—was laid out to attract them. “What artificial thing,” says an old writer, “was there that could entertain the senses or the phantasies of man that was not there to be had? Such was the delight that many gallants took in that magazine of all curious varieties that they could almost

have dwelt there, going from shop to shop like bees from flower to flower if they had but had the fountain of money that could not have been drawn dry." The evening, however, was not apparently ended in the Pawn. There was a certain routine in the amusements of the people of fashion as there is to-day. From the Pawn the stream of gay people flowed to Bucklersbury, where were the Indian shops with their scents and perfumes, and the Italian Confectioners, where they took their supper before going home to bed. Thus for ninety years the first Royal Exchange played its important part in the life of London. In 1666 the Great Fire swept it away.

CHAPTER II.

THE GREAT FIRE AND THE SECOND ROYAL EXCHANGE.

POPULAR faith for a long time swayed between two ultimate reasons for the Great Fire. It was either a visitation from God upon London for its vices and its lack of religion, or it was a dispensation of Providence to clear the City altogether from the germs of the Plague. But, as a fact, mediæval London was neither more wicked nor more unhealthy than any large city of those days. More than one foreign Chronicler, indeed, pays his tribute to the beauty of the City, its gardens and clear springs, and to the orderly character of its inhabitants ; though, to be sure, we must measure those eulogies by the standards of the times. London, like any other mediæval town, was especially liable to fire ; its streets were narrow to

begin with, and, to make things worse, permissions were readily granted for the extensions of the upper storeys upon pillars. These extensions called "Hauptas," were no doubt conceded because they formed a protection against the weather to passers-by and the shops beneath. They were no less warmly welcomed by the owner because they increased the size of his house without necessitating the purchase of additional ground. London, indeed, was as crowded then as it is to-day. The streets and alleyways were thick with a jostle of people from morning until late at night, and decree after decree of the City Fathers sought in vain to restrain the invasion from the countryside. All this press of people made carelessness more common and the danger of fire more likely, and when the King with his Court came to the Tower of London, the demand upon the City space became almost intolerable, for there was never room within the Tower for the retinue which he carried with him. There was a permanent officer upon his staff called the "Sergeant Harbourer," whose business it was to find lodgings for

the household servants and dependants of the King.

- The houses were built of wood and roofed with thatch. Glass was rare—probably none was imported into England until the reign of Henry the Third, and although a hundred years afterwards, in the reign of Edward the Third, glass was so far known that a Guild of Verrers or Glaziers was definitely established, most of the houses, especially of the poorer class, were unprotected by it. Let a fire once get hold of one of these houses, in a dry season, it would roar through the narrow streets as through a funnel, driving burning fragments of wood and cloth and paper through the unglazed windows into the mansions on either side. London was thus ripe for fires, but she was chastised out of all measure. Both in the first year of Stephen's reign and in 1212, fires ravaged the City. Indeed, in the latter case, many more lives were lost than in the Great Fire of 1666.

A singular feature of all these fires is that they took their origin in the neighbourhood of London Bridge. Thus the great Fire began early on a Sunday morning, the 2nd

September, in the house of Farryner, the King's baker, in Pudding Lane. Pepys, from a window of his house in Seething Lane, noticed the blaze at about 3 o'clock in the morning, but thought little of it and returned to his bed. The summer, however, had been hot ; the houses were little better than tinder and a high wind was blowing. Appliances and regulations there were of a kind, but of too primitive a kind to check the progress of this fire. Each Ward, for instance, was equipped with a hook to pull down houses, two chains and two strong cords, all in charge of the Beadle. Large houses were compelled to keep one or two ladders and, during the summer, a barrel of water in the courtyard. Certain houses too had stone partitioned walls, since, by the Assize of Fitz-Ailwyne, special civic privileges were given to those who built in stone rather than in wood. But such houses were few. For instance, if a stone house stood at any boundary which you wished to indicate, you had but to say "The Stone House" and no one would mistake you. The fire spread up Thames Street, drove north and west along Gracechurch Street,

Lombard Street, Cornhill, Austin Friars, Lothbury, Bartholomew Lane. All were devoured. The Exchange was utterly destroyed. "A sad sight," says Pepys, "nothing standing there of all the statues or pillars, but Sir Thomas Gresham's picture in the corner." By September 4th the flames had reached St. Paul's, round about the roof of which a mass of scaffolding had been erected, so that it fell an easy prey. The stones of the walls burst asunder with the noise of cannon under the heat, and the lead rolled down in streams. To recall the glory of that historic building with its marvellous rose-window, only Dr. Donne's tomb and the charred stumps of a few cloister pillars remained. Eighty-four of the old City churches were swept away with St. Paul's, and but for the courage and energy of the Duke of York, the Temple Church would have vanished too. Every kind of ill-luck, indeed, seemed to help on the work of destruction. London was afflicted by a weak and inefficient Lord Mayor, Sir Thomas Bludworth. "Lord, what can I do?" he fluttered; "I am spent and my

people pay me no heed. We pull down houses, but Oh ! Lord, the fire goeth on the same, and burns others before we have done.”

On the other hand, Charles the Second and his brother kept their heads. They were about from morning till night. Westminster Abbey, the Tower although its outer precincts caught fire, Temple Bar, Lincoln’s Inn Gateway, Gresham College, Smithfield, Bishopsgate Street and Aldgate were saved. The river was crowded with the boats of fugitives ; the heights of Hampstead were covered with tents and such rough huts as could be speedily set up. Volumes of black suffocating smoke hung over the burning city like a pall. Of the four hundred and fifty acres within the City walls from Ludgate to the Tower and from the river to Cripplegate, only seventy-five were left with houses still standing upon them, while of the liberties beyond the walls, sixty-three acres were consumed. Houses, however, could be rebuilt, even wonderful churches could be replaced if there were an architect with the genius to design them—and such an architect England had the good fortune

at that hour to possess. But some irreparable losses were sustained, and amongst them none more grievous than the losses of the manuscripts of Shakespeare and his fellow dramatists. It seems that a great many of these were taken from Paternoster Row, and placed for security in the crypt of St. Paul's, where indeed they were safe from the actual touch of flame, even in such a fire as that which had raged during this first week of September, but so great was the heat that the manuscripts were all reduced to ashes.

On the afternoon of September 6th the fire was finally stopped at Temple Bar; and it must be reckoned an astounding example of the courage of the race that the houseless population set itself at once methodically to work to rebuild their city. Within a week, three plans for a new London were presented to Charles the Second; one made by John Evelyn, famous for his diary; the second by Robert Hook, the philosopher; the third by Sir Christopher Wren. This last was accepted. Had it been carried out, we should have had a London made beautiful by straight broad streets and central

“ Piazzes,” as he called them. But it would have been a London a little too formal perhaps to suit the English independence. As a matter of fact, the citizens did not wait for any plans, but returning to the sites of their old houses which must have been still smouldering and hot to the foot, they began forthwith to rebuild. Amongst the first of such undertakings was the Royal Exchange.

Sixteen days after the Fire of London had first broken out in Pudding Lane, a committee was formed to rebuild the Royal Exchange. The business of the Exchange, even to the shops of the Pawn, was transferred to Gresham College. The shopkeepers offered to pave the quadrangle of the new building in exchange for their accommodation in Gresham College: and with the hope—a vain hope as it proved to be—of preventing destruction by another fire, the City Surveyors determined to draw a street on the west and on the east of the new building. The credit for this second building, which was erected from materials as far as possible resembling those which had been used in the original building, has been

improperly given to Sir Christopher Wren, but the records of the Building Committee make it clear that Mr. Jarman, the second City Surveyor, was the architect who designed the plan. It is to be noticed that once more the front of the Royal Exchange was upon Cornhill, with a fine portico, which earned the special favour of Charles the Second, no doubt because in a niche upon one side was a statue of Charles the First, and in a niche upon the other, one of his royal self. It is possible that his approbation would have been less hearty if he could have foreseen that after the next fire that same statue of him would be put up to auction and sold for £9. Almost within a year of the burning there was once more a royal procession, when Charles the Second rode on horseback with several persons of quality. He placed the first stone with the usual ceremonies in the presence of a great many people, and then in a special shed upon the new Scottish Walk, roofed with a canopy and hung with tapestry, he was entertained to dinner by the City and the Mercers' Company. Pepys saw the King pass with his kettle drums and his trumpets on the way to the Exchange,



THE SECOND ROYAL EXCHANGE.

and in his busy way hurried after him, but the poor man found the gates shut when he arrived at the building, and could only get in to see it after the stone had been laid and the King had departed. A month later, the Duke of York laid the foundation stone of the pillar on the east side of the north entrance, and a fortnight afterwards Prince Rupert performed the same ceremony on the east side of the south entrance. There was some delay in the building, and for reasons which strike home to-day. Bricks were dear ; the only suitable bricks were to be got from Walham Green, and the supply was below the demand. The work however, except for the statues and no doubt other ornamentations, was completed within three years, and was opened without any great ceremony by Sir William Turner, the Lord Mayor of the day, who " came and walked twice about it and congratulated the merchants of the 'Change on its account." Charles the Second was expected, but he did not come : and we picture to ourselves the disappointment of the assemblage—disappointment mingled probably with a good deal of outspoken criticism, and not a few

sarcasms as to whether some new beauty had not come to Court ; and, probably, on the part of the Committee, sharpened by an uneasy recollection of a certain fine equestrian statue in white marble upon which they had turned their backs. This was a statue of the King on horseback, and it was offered by Sir Robert Vyner to stand in the middle of the Quadrangle. The Committee, however, came to the conclusion that it was too big for the site and would interfere with the main business of the building, which was the transaction of business by the merchants of the City. Charles the Second was not a man to take with humility any disregard for his Royal dignity, and it is quite possible that, with a chuckle of pleasure, he left his good citizens to wait for him on the Royal Exchange as a lesson to them in the future.

The quadrangle, however, was not long to be deprived of the patronage of his presence, for a statue of him by Grinling Gibbons, in the dress of a Roman Emperor, with a laurel wreath on his head and a truncheon in his hand, was set up in the centre fifteen years later. This statue you

may still see in a niche in the south-east corner of the third Royal Exchange : while its own brother, a statue in bronze of James the Second in the same remarkable garb, by the same artist, still stands chillily in the open air with its back to the red Admiralty building, and looks across St. James's Park towards Buckingham Palace.

It cannot be said that, beautiful in its architecture as the second Royal Exchange was, the building held the same importance as the first Exchange had done in the days of Queen Elizabeth. Social conditions were changing quickly in England. Coffee houses sprang into a rapid popularity and the merchants drifted to them more and more for the interchange of business. The shops became difficult to let and rents dwindled away. Over the Exchange there came to hang an air of disuse and squalor. The frequenters in the time of Queen Anne are thus described by the "Spectator": "Instead of the assembly of honourable merchants, substantial tradesmen and knowing masters of shops, the mumpers, the halt, the lame and the blind or vendors of trash—apples, plums . . ." A little further on he tells

us “ the benches are so filthy that no one could sit down, yet the Beadles at Christmas have the impudence to ask for their boxes though they deserve strapado.” This is a far cry from those gaily lighted galleries where of an evening the gallants of Queen Elizabeth’s day used to loiter. Fashion had moved to the West—chiefly because fashion had been in banishment upon the Continent during the Commonwealth—and when it returned with Charles the Second into England, it found its houses already occupied.

London had spread out consequently through Lincoln’s Inn Fields to Bloomsbury and Soho ; Pall Mall was laid out in great mansions ; nobles moved westwards, and a new city of shops, clubs and coffee houses grew up in the neighbourhood of their new homes. The factor of numbers had thus become a cause of that gulf between the gentry and the “ cit,” which the next hundred years was more and more to widen. The great wars of the 18th century dug the trench deeper. Soldiering became an ill-paid occupation demanding the monopoly of a man’s life. The sons of

the nobles became the officers of Marlborough, and later on of Wellington; they were transformed into a class apart; they lost their touch with the business side of London; they even became a trifle contemptuous.

How great the change was from the days when Sir Thomas Gresham entertained Queen Elizabeth in Austin Friars any man may see by such diaries as time has handed down to us. There remain two, still kept by the descendants of Edward Forster, for many years a Governor of the Royal Exchange Assurance Corporation. Mr. Forster was a commercial magnate in the grand style. He was at one time head of three great City Corporations: The Royal Exchange Assurance; the Russia Company; the Mercers' Company; and he added to these duties that of Deputy-Governor to the London Docks. In a word, he was the very type of citizen, who two hundred years before would have been hand in glove with the great statesmen of the Realm. The diaries give us a picture of a gentleman living quietly at Walthamstow—a man with a love of nature and a taste for art, and possessed

of a queer gift for painting landscapes with reeds. We read of him being robbed of his purse by a footpad on his way to the City. We read of certain simple treats to his children : " We all went to London," writes one of them, " and after with Papa in a coach to Drury Lane Playhouse, getting in at half price with the 4th Act"—Oh ! frugal Papa ! But perhaps it was just as well, for the play was " Measure for Measure," and hardly suitable for young Benjamin and Thomas. On this occasion, the family saw Mrs. Siddons in the part of Isabella. At another time, " Mama, Aunt Sukey, Miss Ward and I went to the Royal Exchange Assurance in a coach. But Pa and Ned were there ; uncle came afterwards. We went into the room which looks into Cornhill, with a balcony." This was in October of 1783, and the family went to the Royal Exchange to see and hear peace proclaimed with France and Spain. " The Heralds proclaimed it betwixt 1 and 2 o'clock. There was a long procession of horse soldiers—some men with hatchets on horseback, some with trumpets, which they sounded. Afterwards came the Lord Mayor



INTERIOR OF THE SECOND ROYAL EXCHANGE.

in his coach." Without a doubt, the period during which the second Royal Exchange stood was one during which the City merchants lost much of their high position, and probably something of their broad outlook upon the world. They became concentrated upon their immediate affairs. They lived often over their business premises in the very heart of the City itself, or, if they travelled further afield, they made their homes in suburbs like Denmark Hill, and kept on the whole to themselves.

The downfall of Napoleon, however, the extension of the Franchise—which for a time placed the whole power of Government in the hands of the middle class—and the prosperity of which steam power was the source in a hundred directions, began, in the reign of Queen Victoria, to break down that very real though intangible Temple Bar between the City and the West End. These factors did their work thoroughly in the end, but while the Royal Exchange was burning for the second time in 1838, the City of London had still a social side of its own, which it is difficult to-day even to imagine. Walk through the

City streets at ten o'clock of the night now, and the echo of your footsteps will sound to you solitary and strange. You will pass beneath a chain of lamplights, gleaming upon empty pathways, looked down upon by lightless windows. If you could put yourself back to 1838, you would find the upper storeys noisy with the laughter and the games of children, while below, behind rep curtains, the elders sat over their port round their mahogany dinner tables.



THE DESTRUCTION OF THE SECOND ROYAL EXCHANGE BY FIRE, 1838.

CHAPTER III.

THE THIRD ROYAL EXCHANGE.

IT is astonishing that no one has imagined a curse of fire upon the Royal Exchange.

Many a country estate has fallen under that ban with less reason. For on the night of the 10th January 1838—a night of so hard a frost that the very water from the fire engines froze in mid air—the Royal Exchange was burnt down for the second time. A letter from an eye-witness is happily on record. The fire began at night, and our witness, the son of the Rector of St. Michaels, Cornhill, then a boy of four and a half years, was awakened in his nursery by the cries of warning in the street, and the noise made in dragging the Parish fire engine from the old Watch-house beneath his windows. At this time, as our last chapter has shown us, Cornhill was not merely a street of offices open by day and empty at night. It was a

street of family residences, and consequently fire in that crowded neighbourhood was more than usually terrible.

Mr. Norville, the hatter, Mr. Leggett, the print seller, and a dozen other small shopkeepers who were wont to stand in their doorways in the morning and greet each other across Cornhill, had to get their families into safety as best they could. Speed was necessary, for the great tower of the second Royal Exchange, never a satisfactory feature of the building—since already it had had once to be replaced—threatened to fall across the street and crush the houses opposite. A good many of these inhabitants found refuge in the Rectory of St. Michaels, while the valuable contents of the shops were safely stored in the Church. It seems as if some freakish spirit of humour lurked about the burning edifice, for while the tower was yet tottering, the bells started playing “There is nae luck about the house,” and then fell with a crash into the flames below.

The destruction was almost complete. A few relics testified by their paucity to the completeness of the disaster. Amongst

them we must not count those statues of the Kings of England which were said to have fallen down on their faces during the first fire leaving the statue of Sir Thomas Gresham alone proudly erect. The Grinling Gibbons figure of Charles the Second as a Roman Emperor, which, as we have seen, held the post of honour in the middle of the Quadrangle, was saved with the Bushnill figures on the right and left of the Portico in Cornhill, and strangely enough, the great gilt grasshopper, which if report speaks truly, not only rode on high above the second Royal Exchange, but even above the original building of Sir Thomas Gresham. The work of restoration was quickly taken in hand by the Mercers' Company and the City Corporation, and before the decade was out the Third Royal Exchange was opened by Queen Victoria and the Prince Consort.

It is very likely that ancient engravings of Palaces and great courts, with the delicate flourishes of their lettering and their dainty ornamentations, lend to the buildings they portray a greater beauty than they actually possess. But it is difficult to look at any old pictures of the first two

Exchanges and flatter oneself into the belief that the third Exchange vies with either of them in grace. Art is the strangest and most illusive creature—at one time it will visit a whole race of men, so that nothing they do will be insignificant or mean. Thus, the adventurers, who sailed out to the Spanish Main in the days of Queen Elizabeth, wrote down the histories of their voyages in such great English as men to-day would give their ears to have at their command; and, moreover, they wrote it easily and with a running pen. At other times Art has refused to touch with inspiration a single soul of them. The architects of the Victorian Age were not men who dreamed in stone. They could pass down Parliament Street, by the Horse Guards, Whitehall and Westminster Hall with a bandage over their eyes and over their spirit. They gave us the Crystal Palace and all the dreariness of the Cromwell Road. Londoners may be thankful when they look upon the Royal Exchange as it stands to-day. The best of it is undoubtedly the front, with its great Corinthian Pillars, its high flight of steps and the open spread of

pavement in front of it. For the rest, if the building is plain, it is plain to the very point of dignity, and with its great and handsome offices, it serves its purpose to-day as the other Exchanges served theirs.

It is not the purpose of this chapter to give you an account of the building. You can buy a little book for sixpence, rich in detail and curious information, from the Beadle at the door. You can walk out past the doors of Lloyd's offices to the Peabody statue—if you will—and looking upwards see the gilt Grasshopper of Sir Thomas Gresham's crest on the summit of the tower turning to the wind.

Over what a curious succession of scenes and pageants has that gilt Grasshopper presided! Visits of kings and queens, now dressed in one way, now another, now riding on horseback, now drawn in great gilt carriages, now gliding silently in motor cars; proclamations of war and peace, the nation once your friend now your enemy, once your enemy now your friend! The Bank of England was not built when the Grasshopper was first lifted to its place, and where the Mansion House now

stands, the cattle lowed in the Stock Market. Endow for a moment that Grasshopper with life and recollection! It has seen London spread out in an almost unimaginable growth. The sails upon the river have given place to the chimney stack, and the quiet nights of other days are now broken by the hooting of syrens. And it heard in 1914 the tramp of London men drilling upon the Gresham hone stones to fit themselves for war. We may hope that for a century at least it will hear that sound no more.

PART II.
THE BUSINESS

CHAPTER IV.

THE SOUTH SEA BUBBLE AND THE BIRTH OF THE ROYAL EXCHANGE ASSURANCE CORPORATION.

TO get rich quick in the shortest possible space of time with the least possible expenditure of effort is a natural ambition. To a man we want to acquire riches, and at all events when we are young we encourage a secret hope that we shall wake up on some glorious morning to find we have achieved them. So much of honourable ambition presumes wealth as its starting-point. With the most of us, however, the hope is kept secret — a dream to be played with rather than a definite project to be realised. But every now and then the hope breaks its bounds and spreads with the rapidity and the violence of a contagion, from man to man, and from woman to woman.

There have been several periods during which the contagion has raged. Many will remember the autumn of the year which ended with the Jameson Raid. In those months women were almost as conspicuous as men in Throgmorton Street. Dealers in South African securities would buy in the morning and sell in the afternoon and put any sum up to £10,000 in their pockets as a consequence. But the fever has never exhibited itself in so virulent and blatant a degree as during the second decade of the 18th Century—a decade made famous by the South Sea Bubble.

It is strange to realise that the man, who brought all that hubbub of fashion back to the neighbourhood of the Royal Exchange, was a tall and ungainly pock-marked Scotchman, Law by name—at one time lying in a London Prison under sentence of death for murder. Law escaped to Paris and there founded the Mississippi Company, which, during the first years of the century sent France wild with a frenzy of speculation. Some southerly wind blew the madness over to England, and in 1711 Robert Harley, Earl of Oxford, founded the South Sea

Company, to take over England's Floating Debt of ten million pounds. The Government guaranteed six per cent. for a term of years, and the Company was given the monopoly of trade with the Southern Atlantic Coasts of America. One or two solid brains, such as Sir Robert Walpole, stood out against the scheme, but speculation was in the air and they had no following.

It must be conceded that the name of the company was in itself a stroke of genius. The South Seas! The words have from the earliest days of Elizabeth had some queer romantic appeal to the people of England. Read "Hakluyt's Voyages," and you cannot but rise from your reading with a recognition that, beyond all the visions of gold and jewels and wealth which they may suggest, the South Seas have their own particular call. Even that pedestrian century—the 18th—could not be deaf to it; and there never was an idea so sure to arouse your imagination or to loosen your purse-strings as that of adventure in the South Seas. Your adventure might be vicarious;

it might only be visible to you in the swelling of your banking account, but you had a hand in the voyage—in a sense you sailed those sunlit and wind-ruffled waters.

It seemed as if in response to the call, Change Alley had become the centre of England. Sedan chairs and coaches so jostled one another in the streets which surrounded it that a man on foot was known to have taken one good hour before he could cross the roadway. Women filled that narrow alley with their hoops, and so loud was the noise between the walls that the stock would be at one price at one end and at another price at the other and no one in the middle would know the difference.

“ Then stars and garters did appear
Among the meaner rabble ;
To buy and sell, to see and hear
The Jews and Gentiles squabble.
The greater ladies thither came,
And plied in chariots daily,
Or pawned their jewels for a sum
To venture in the Alley.”

All were for getting rich quickly. Life was costly—in some respects more costly

comparatively than it is to-day. A fine gentleman would pay £126 for a suit of clothes, and that sum left out of account his silk stockings and his shoe buckles, his embroidered gloves and his clouded cane. Lord Mayor Sawbridge was stopped by highwaymen on Turnham Green, when he was returning home from Kew, and sent back to the Mansion House as naked as on the day when he was born—of so much value were the fine clothes he wore. Money was the great need and throughout the day such a roar arose from Exchange Alley as must have set the old Grasshopper trembling and quivering on the top of the Exchange.

In 1720, George the First proposed that the South Sea Company should take over not merely the floating but the entire debt of England, which at that time amounted to £31,000,000. Eventhestaid Bank of England could stand it no longer. It came in with a proposal to take over the debt itself in the place of this upstart Company. But the upstart Company had several notable people behind it, amongst them the famous—or shall we say infamous?—Countess Von

Platen ; and the South Sea Company carried the day against the Bank of England. The shares jumped from 130 to 300. The King's proposal was debated for two months in the House of Commons and for forty-eight hours in the House of Lords, and on April 7th of that year the Bill became law.

Strangely enough, the South Sea Stock immediately fell. The Directors asked for a million more capital, offering £300 for £100. They got it, and they got more. Before Midsummer, the stock had risen to 800 per cent. The satirists, as you can imagine, got to work, but what did they matter ? Satire, from the days of Aristophanes, has never stopped a rush. It will hold up this or that person, this or that group of people, to the ridicule of future generations, but it has no check upon them while they live. Neither Juvenal nor Molière deterred. The "Precieuses Ridicules" died not of satire but of their own inanition. The satirist and his fellows might rave as they liked against Change Alley and the South Seas but not one

sedan chair dropped out of the crowd in consequence.

It was not everybody, however, who was able to get near enough, or, if he did get near enough, to purchase the coveted stock. Other companies, therefore, with other projects no more unreasonable, sprang up in the same neighbourhood. The advertised capital of these companies ran, as a rule, into millions. And why not? The public was gullible. It was a matter of prestige—of the appeal rather than of actual cash. The nominal capital of the various undertakings floated during the years when the South Sea Company was at its zenith amounted to five times the entire currency of England and Europe. No one asked any questions—all were too anxious to buy.

Here are a few of the proposals: a scheme for furnishing funerals to any part of Great Britain; another for making looking glasses and coach glasses, with a capital of £2,000,000; a third for the transmutation of quicksilver into malleable fine metal; a fourth for ensuring and increasing children's fortunes; a fifth

for building and rebuilding houses throughout all England, with a capital of £3,000,000 (this, by the way, is a scheme which might have a chance to-day). Yet a further philanthropic set of gentlemen floated a scheme for supplying the town of Deal with fresh water. Another set, this time more ingenious than philanthropic, proposed to make deal boards out of sawdust. And all these schemes obtained their votaries. The cry went up "Give us something to buy," and the response was not inadequate.

Two schemes stand out especially through the grandeur of their simplicity. The longer one lives, the more clearly it is proved to one that the old and simple dodges never fail. If you want to practice that amiable form of robbery known as the confidence trick, be sure to practice it in its most primæval form. An old man named Le Brun knew the ropes. He had been suitably educated, for as a boy he had sailed with Sir Henry Morgan when Morgan devastated Panama. He had been with Patterson in Darien. He had owned a privateer himself in the days when a privateer was a polite name for a pirate, but

like the men of his class he had lived like a fighting cock when he had the money, and in his old age he was poor. The fame of Law in Paris attracted him over the Channel. The fame of the South Sea Company and the doings in Change Alley brought him hot-foot back again. He was, as it were, in his own country. He set out a wonderful project. You had only to possess £5 to reap the full benefit of it. He had an office in Change Alley. It was called simply, broadly, sympathetically—"Office of Insurance and Annuity for Everybody." "Anybody," Mr. Le Brun announced, "who paid him five pounds was to be assured of receiving a life income of £100 per annum, as soon as a sufficient number had subscribed!" A great number subscribed—but not a sufficient number. The number had to be ever so great before Mr. Le Brun could be able to put his wonderful scheme into operation.

A still simpler device was imagined by a gentleman whose name (alas!) is not known. He propounded a company for carrying on an undertaking of great advantage, "but nobody to know what it is." The capital of

this singular undertaking was to be a mere fleabite—half a million pounds in five thousand £100 shares. But—and here the anonymous benefactor showed his discretion—you had only to deposit £2 a share and you obtained by the mere fact of that deposit £100 a year on each share. This worthy person opened his office in the morning. By the time business in Change Alley ceased and the ladies and gentlemen retired to the lighted candles of the West End, he had secured deposits to the tune of £2,000. The next morning the office was closed and it was never opened again. These schemes were iridescent as the mayfly, and had just as long a life. They sparkled and glinted in the sunlight through a day, and the next morning they were not.

After the shares of the South Sea Company had risen to 800 per cent., a good many prudent people began to realise their fortunes, and stocks accordingly fell. The Directors asked for more money, obtained it, and the shares in August had risen to no less than a thousand per cent. But the end was near, and in the month of September

the Bubble burst. A member of Parliament of that day wrote to Lord Chancellor Middleton: "The consternation is inexpressible, the rage beyond description, and the case altogether so desperate that I do not see any plan or scheme so much as thought of for averting the blow, so that I cannot pretend to guess what is next to be done." The Bank of England made an effort. It asked for a subscription of three million pounds for the restoration of credit, but did not get it. The South Sea Stock fell to 135, and bankers and goldsmiths who had lent money on South Sea Bonds were compelled to fly the country. Parliament was summoned to meet, and George the First returned post haste from Hanover. An enquiry was instituted into the management of the Company and a series of frauds was discovered in which members of the Government were shamefully involved. Mr. Secretary Craggs and Mr. Aislalie, the Chancellor of the Exchequer, went down with a crash. People did not exact from the Ministers of the Crown in those days the same high standard of propriety which is demanded to-day. But the scandal in this

case was too great for extenuation. Aislabie went to prison, and bonfires were lighted in the London streets on the day he was sent there. Mr. Secretary Craggs no doubt would have gone on the same road but his son, for whose sake, it was currently said, he had amassed a million and a half out of the Bubble, died suddenly, and the father was stricken with apoplexy. The Countess Von Platen, with her two nieces, was proved to have been given £20,000 worth of fictitious stock as an inducement to her to use her influence to push the Bill through Parliament. There were reasons why action could not be taken against her. The curious may turn to Thackeray's wonderful picture of the Court of Hanover in the "Four Georges," where he will be rewarded by one of the most startling and dramatic stories which history has ever had to tell.

In the midst of these times, inauspicious for solid business proposals, if ever times were, the Royal Exchange Assurance Corporation was born. A Mr. Case Billingsley, of the firm of Bradley and Billingsley, Solicitors, himself a member of the Mercers' Company, proposed a scheme for marine

insurance, and gave to it the title of the "Public Assurance Office." He opened a list at the Mercers' Hall on the 12th August, 1717, and asked for a subscription of £1,250,000, of which £100,000 was to be paid up. The list was closed in January of the following year. But during the months when the list was open, the proposer of a rival scheme, Sir John Williams, amalgamated with him. The list being closed, Case Billingsley applied to the Attorney General for a Charter. A Charter was refused, although in this case Sir Robert Walpole supported it; Billingsley had moreover the support of Lord Onslow, a member of the Government, and of Lord Chetwynd, who was interested in a similar scheme. A good many people did not look further than the end of their noses. Lady Cowper, the wife of Lord Chancellor Cowper, frankly wrote of both Onslow's and Chetwynd's proposals as "Bubbles," and stated that they were on the same plane as the South Sea Company—frauds upon the public—no more, no less.

Billingsley, however, and his Directors did not lie down under the refusal. They

cast about and bought up for a song an old Charter of Queen Elizabeth's time, which had nothing whatever to do with Assurance in any form. It was a Charter of the Mines Royal, Mineral and Battery Works, which in itself was an amalgamation dating back three years. Under this Charter, with its curious coat of arms of a miner working by candle light and extracting from the earth a veritable sleet of golden drops, the Billingsley Assurance Company set up to practice Marine Insurance. From the outset it is clear that the Company did a profitable business, for it declared, and so far as we know paid, a dividend in 1719.

It did not, however, pursue its affairs without opposition. Petitions were presented against the Company by private underwriters who foresaw ruin ahead of them, on the ground that it was doing business which the Charter did not entitle it to do. It is impossible to say what might have happened to this Company had not some ingenious mind amongst its Directors recognised, or had not some hint been given by one of His Majesty's Ministers, that King George's Civil List was short of

six hundred thousand pounds. The two Insurance Companies—that fathered by Lord Chetwynd and now known as the “London Assurance Corporation,” and the “Royal Exchange Assurance Corporation,” which was covered by the wing of Lord Onslow—proposed to make good this deficiency in return for their Charters. Accordingly in the year 1720, on May 4th, King George recommended his faithful Commons to grant the requests of these Corporations, and the Bill conceding them their Charters received the Royal Assent on June 10th. It was after the Charter was granted that the Royal Exchange Assurance Corporation took the title which it has since retained. Billingsley was, as we have said, a member of the Mercers’ Company. He had established the offices of the Corporation in the Royal Exchange, and no name could have been more suitable.

But it is to be observed that this was the year during which the South Sea Bubble swelled and burst. The Royal Exchange Assurance Corporation failed to fulfil the conditions of its Charter almost as soon as it had received it. The Corporation was

organised on a sound financial basis, for in 1720, it had a surplus of £14,000 odd, after all obligations had been discharged. But it owned stock in the South Sea Company, and when that Company crumbled and all credit was shaken to its foundations, the Royal Exchange Assurance Corporation passed through a troublous time. It declared a dividend, but it could not pay it, and by September of that year it was short of two instalments of £50,000 each, which it owed to the Civil List. A subsequent Act of Parliament, however, relieved the Royal Exchange Assurance Corporation and the London Assurance Corporation of their liabilities in this direction, after they had paid between them something like a quarter of a million. The subsequent history of the Royal Exchange Assurance has been one of sound business and consequent prosperity. It began with Marine insurance and in 1721 added life and fire.

CHAPTER V.

ON ASSURANCE.

THE history of assurance is not a sprightly theme. It is so hedged about with details of old ordinances, tables of mortality and specimens of fire marks, as are enough to drive the general reader into the next parish. The historians begin as a rule with the Phœnicians. And they are wise. Everybody has heard of the Phœnicians and that they were the first known traders to visit Britain from overseas. You can safely assert that the Phœnicians practised marine insurance ; and on the other hand, you can equally safely deny that they knew anything about assurance at all for there is no one to contradict you. There is no evidence of any kind.

This, however, is certain. Marine assurance was the first form of assurance

practised amongst men ; and, inevitably, the first form. For the risk was evident and above all could be estimated with accuracy. The value of the ship and the worth of its cargo were known, and a fair reckoning could be made of the perils which were likely to be encountered on the voyage. Probably the very first edict concerning this practice was issued when Justinian was Emperor, in the year 533. He limited the legal rate of interest to six per cent. in all cases except that of "Fœnus Nauticum" ; and "Fœnus Nauticum" was that early form of marine assurance which we know by the name of Bottomry. In this one case, interest was allowed to be exacted at the rate of twelve per cent.

Upon the heels of Justinian, however, followed the Middle Ages, and they wiped out Justinian's edict and any arrangement of a similar nature, which was to be found in any parts over which the Church ruled. Interest upon the investment of capital was accounted as usury and an offence against God, to be corrected by burnings and floggings, and the other delicate

persuasions of those days. We have no sure knowledge when marine insurance was revived, but we may be fairly certain that its revival was due to the far-sighted policy of the Hanseatic League, which had made its merchants the great sea-carriers of the Northern nations. The League published various sea codes during the 13th century and consolidated them at the beginning of the 14th in an authoritative pronouncement known as "The Laws of Wisby." Wisby was a town on the western side of the Isle of Gothland in the Baltic, and at that time one of the most flourishing staple towns of the North. These Laws of Wisby do actually for the first time mention the word *Bottomry*, but in such a way as to make it clear that *Bottomry* had long been practised. *Bottomry* was a wager. The Underwriter bet the Shipowner that his ship with its cargo would arrive safely at its port of destination. The great difference between *Bottomry* and an ordinary wager, and between *Bottomry* and a modern form of assurance, was this: the Underwriter paid the money over at once, and, if he won—that is, if a ship arrived in safety—received

his money back with the addition of the premium agreed upon. The Shipowner, in a word, held the stakes.

This primitive form of insurance developed quickly. It became insurance as we understand it to-day. Thus in the "Chronyk Van Vlaenden"—an ancient history—it is written:—

“On the demand of the inhabitants of Bruges, the Count of Flanders permitted in the year 1310, the establishment in this town of a Chamber of Assurance, by means of which the Merchants could insure their goods, exposed to the Risks of the Sea, or elsewhere, in paying a stipulated Percentage. But, in order that an Establishment so useful to Commerce might not be dissolved as soon as formed, he ordered the laying down of several Laws and Regulations which the Assurers as well as the Assured, are bound to observe.”

Bruges was at this period the very capital of the commerce of the North. It was the great storehouse, the chief market and the main sea-port of that far-flung League.

It was no uncommon thing for a hundred and fifty tall ships to enter on a single tide into Sluys, the outer harbour of Bruges.

The first definite ordinances concerning marine insurance, however, came from a very different part of the world. The Magistrates of Barcelona, certainly on four separate occasions during the 15th Century, formulated Rules which were one and all intended to prevent the over insurance of unseaworthy ships—a growing scandal and danger of those times. The Barcelona trade was mainly with the Ports of Italy; and the Grand Council of Venice, before the century was over, followed in the footsteps of Barcelona. The Venetian Decree starts by declaring that, owing to the perverse nature of mankind, people *will* quarrel about money matters, and proceeds to deal with such very modern dangers as that arising from carrying an excessive cargo on deck. Ordinances issued in Venice were certain to find their way into England, for the Italians, or Lombardy men as they were called, had already gained a solid footing in England,

and indeed were actually carrying commercial war into the very camp of the Stillyard.

The attack of the German Emperor upon the Pope in the first half of the 13th Century, and the influence of the Crusades, which brought to England in Italian Fleets spices, carpets, silks and other luxuries from the East, were the chief causes of the Italian invasion. With the expulsion of the Jews by Edward the First, their position was greatly strengthened, for, in their turn, they became the usurers. We find the Lord Mayor, at the King's command setting aside for them a district of London in which to reside—the district now known as Lombard Street—and so powerful did they become that even though their unpopularity made them objects of continual attacks by the populace and continual Petitions for their expulsion to successive Kings, they were only dislodged in the end by their own fears for their personal safety.

Thus, long before any decree with regard to marine insurance was issued by a Government of England, the practice of insurance was common and regular in the country. The first British Marine Insurance Act bears

the date of 1601, and states in its Preamble that Marine Insurance has been "tyme out of mynde an usuage amongste merchantes, both of this realme and of forraine nacyons." It mentions, in fact, "an Office of Insurance within the City of London," where a registry of marine insurance policies was compiled. This Act of Queen Elizabeth established a permanent commission for the hearing of cases arising out of policies of marine insurance. The Commission was to sit for the time being under the presidency of the Judge of the Admiralty and the Recorder of London. It was to consist of two members of Civil Law, two common lawyers and eight grave and discreet merchants, and was to hold its Sessions once a week.

The Act, however, found no favour with the Merchants of the City of London, chiefly, no doubt, because it allowed appeals to the Court of Chancery, which in the slowness of its procedure seems in those days not to have lagged behind the Court of Chancery, as Dickens found it in the days of "Jarndyce versus Jarndyce." The Act accordingly fell, after a generation, into disuse. But the practice of assurance

steadily increased and, with the coming of Lloyds and the granting of the Charters to the two great Corporations—the Royal Exchange Assurance and the London Assurance—was gradually placed upon a legal and scientific basis.

In the order of history, life insurance followed upon marine, and fire insurance upon life. At first sight, to anyone who forms in his mind anything like a vivid picture of the crowded wooden houses, the medley of thatched roofs, which made up a mediæval city, the order may seem strange. One might imagine that the danger of fire, and the necessity of guarding against its widespread terrors, would be ever present. But it is necessary to remember that, as before the Great Fire went the Great Plague in the sequence of facts, so, also, in the sequence of loss, mortality and damage, fire limped behind disease. The mediæval house in a dry summer was tinder to a spark, but winter or summer it was a place of unclean rushes with little, if any, sanitation. Readers of the "Young Visitors," will recollect that the heroine put some

“red ruge” on her cheeks because, as she declared, she was pale owing to the drains of the house. The demand for “red ruge” must have been very extensive in mediæval London. There was a disease called the “sweating sickness,” which carried off inhabitants in a few hours. The Plague had visited the City many times before the winter of 1665, and was to visit it afterwards. There was a violence in the ordinary conduct of life, such as you may know after the conclusion of any great war. Medicine was in its infancy. If your child had scarlet fever, you wrapped it up in a scarlet cloth; if you had the stone, as likely as not your Doctor would make a disgusting plaster, of which the chief ingredients were headless crickets and beetles, and would rub you with it; whilst the Clergy, into whose hands much of the duty of healing the sick naturally fell, were forbidden by the Pope to shed blood under any conditions whatever. Where the Great Fire barely slew a hundred, the Plague carried off its thousands. It was natural, therefore, that men’s minds should be set on compensations for the loss of life, before they reached the

idea of compensations for the damage done by fire. The ancient Saxon Guilds did, in fact, attain the rudiments of life insurance in their provisions for the payment of funerals, and for the maintenance of dependents left in distress by the death of a member of the Guild.

Life insurance, indeed, would no doubt have long since become as established a fact as the insurance of ships, but for one fatal difference. You knew the value of the ship; you knew the price which its cargo would fetch in the market; you were upon solid ground. But with regard to life you had nothing whatever to go upon. There were no figures by which you could calculate the probabilities of its duration. Life insurance was the merest gamble, and, even so late as the days of Charles the Second, you could buy a Government annuity for ninety-nine years for a cash payment equal to fifteen and a half year's annuity.

The Provincial Letters of Pascal drew attention first of all to the doctrine of probabilities, and John de Witt, a Dutchman, applied it to the subject of life

annuities. He made a report to his Government, in which he used for the first time mathematical calculations in considering the probabilities of life. His report had no immediate effect. But he had sown the seed, and Leibnitz, who devoted much time to an investigation of the theory of chances—"c'est pour perfectionner l'art des arts, l'art de penser," he explained—saved the essay from oblivion.

But still there were no facts to go upon. It was the chance of the gaming table. How many times would Number 17 or Number 26 turn up on the Roulette board in a given evening, if neither of them had turned up, say, for a week before? What are the odds that "Trente et un et après" will be seen at the "Trente et quarante" table ten times in the course of an evening? It was with the limping guidance of such questions as these that the early forms of life assurance were arranged. If the grantor of the annuity were generous, that helped to a solution, but it was rare. If the annuitant himself were ignorant, that helped too, and this was more common.

Until quite recently, the value of a life was accounted at seven years' purchase.

The Great Plague, however, which spread so much desolation, lent a little help in this direction. Such was the terror which the Plague inspired, so overwhelming was the fear of its return, that what we should now call the *morale* of the race was shaken. The people of those days were as vague in their computations of numbers as in their spelling, and rumour would exaggerate into millions the deaths of thousands. In order, therefore, to reassure the public mind after the Great Plague, Bills of Mortality were issued by the various Parishes by Order of the Government. Up to the end of the 17th Century the appearance of these Bills was sporadic. But, with the beginning of the 18th Century, so useful had they already proved, they became a regular element in Parish life. They were made up on Wednesdays, published on Thursdays, and anyone who cared to pay 4s. a year could subscribe for a copy.

The progress towards a system of Assurance, as will be seen, is so far slow. We have got from the gaming tables by

way of the Great Plague to Bills of Mortality. But still there is hardly a glimmer of science. The Bills of Mortality themselves suffered from a grievous defect from the point of view of insurance. They included a statement of the cause of death, and even of the particular disease from which the patients died, if—and it is a considerable “if”—the disease were amongst those known to the medical faculty. But they did not give ages. And without ages the probabilities of the duration of life were still mere guesswork. Life insurance, as we understand it, is based upon a scientific computation in which the ages of the insured are the first consideration. During that Century, however, three men appeared, to whose efforts the real science of insurance owes its chief debt.

The first of these men—one John Graunt, the son of a tradesman, who had migrated from Lancaster and settled in Birchin Lane—enjoyed no more of the opportunities of education than the sons of other tradesmen. He left an unknown school early for the counter of his father, shared in the public work of his

Ward, and became a Major in the train bands ; but some spark in the man set his thoughts upon the laws of life so far as the Bills of Mortality helped to their elucidation. He seems to have been impressed, and even annoyed, by the extraordinary carelessness with which men reckoned the population of London. It was spoken of in millions. One grave writer, indeed, went so far as calmly to assert that there were two million less people living in London in one particular year than in the year which had preceded it ; and he made this astounding statement as though it were a matter which anyone might expect.

John Graunt published in 1662 his "National and Political Reflections on the Bills of Mortality." The work made a great stir, and did not, by the way, increase its author's popularity, for he accounted the population of London at 384,000, and this calculation, which was very near the truth, did not find favour in the eyes of those swelling signors who only condescended to think in millions. The book, however, within the year, passed into a second edition. It set men thinking,

and it impressed one, whom, most of all, so dry a subject would have been likely to repel—no less a person than His Majesty Charles himself. Charles the Second recommended John Graunt to the Royal Society, and charged the Fellows in round terms “That if they found any more such tradesmen they should admit them all.” The book found its way across the Channel, and in consequence Louis XIV. ordered a register of births and deaths to be kept in France, of a character much more strict than was observed in any other country of Europe.

The Reflections contained many surprising odds and ends of calculation. John Graunt computed that seven men out of every hundred in England live to the age of seventy; that only three women out of two hundred died in childbed and only one in labour; and that out of one hundred people, only one will be left alive at the age of 76 and none at the age of 80. He deduced from his calculations that the world was not more than 100,000 years old, and he drew, probably for the first time, that distinction in land values which has made,

and continues to make, so loud a stir in our generation. For, in putting questions as to the amount of hay an acre that a meadow might bear, or the number of cattle which it might feed, he adds "of which particulars I quote the intrinsic value, for there is another value, merely accidental or extrinsic, consisting of the causes why a parcel of land lying for a good market may be worth double another parcel, though but of the same intrinsic goodness; which answers the question why lands in the North of England are worth but sixteen years' purchase and those of the West above twenty-eight." He aimed at classifying the vocations of men, with a word, by the way, against Doctors, who persuade "credulous and delicate people that their bodies are out of tune." He thus raised a number of interesting problems for the speculation of thinking men, and there is little doubt that to the influence of his book was due a vital amendment in the Bills of Mortality. In 1728, the ages of the dead were included as well as the ailments from which they had died.

The second of the three men was Sir

William Petty, a man of a very different stamp. He was a speculator; he had a great love of money and a great love of land. He probably had a sense of humour, for, when challenged to fight a duel and having the privilege of choosing the place and the weapons, he selected a dark cellar and a carpenter's axe. He certainly had the ambition to found a great family and leave to it a great inheritance, and in this he succeeded. He was the son of a Romsey tailor, and he left the house of Lansdowne.

Petty wrote "An Essay on Arithmetic concerning the Growth of the City of London, with the Measures, Periods, Causes and Consequences thereof." Petty estimated that in 1682 the population of London was 670,000, it having doubled itself within the preceding forty years. He was at a loss, however, to account for the increase. He could, he said, pick up some remarkable accident and declare it to be the cause, "as vulgar people make the cause of every man's sickness to be, what he did last eat." But Petty was not content with such a device, and preferred to attribute the swelling numbers to some natural and

spontaneous advantage that men find by living in great societies.

There is already, as you will see, a glimmer of science, but still not much more than a glimmer. Sir William Petty was led on to some curious prophecies. For instance, the world would be fully peopled within the next 2,000 years, and the growth of London must stop of its own accord before the year 1800 was reached.

The influence of these two men upon thought continued to grow, and in the year 1693, the most important year in the history of the science of insurance, Doctor Halley, the Astronomer Royal, published in a pamphlet a table of probabilities of the duration of human life at every age. He at last had something to go upon. He had discovered that the town of Breslau, in Silesia, had regularly issued Bills of Mortality in which the ages of the dead were recorded. He took the rate of mortality in that town during five successive years, and for the first time based the calculation of the duration of life upon a scientific foundation.

CHAPTER VI.

SOME ODDS AND ENDS.

IT is curious that, although the idea of insurance is utterly opposed to that of gambling—the one aiming at rapid gains, the other merely at protection from loss—still insurance took its origin from the doctrine of chance as observed at the gaming tables, and led to the discovery of quite a new form of gambling, which achieved an extraordinary vogue in the first half of the 18th Century. It was a period of fine clothes and callous natures; of high costs and lavish expenditure; of turbulent politics and grave risks. Such a period was the very soil in which gambling and speculation were sure to flourish. But, even so, the rapidity and the ingenuity with which the possibilities of gambling, by means of this new-fangled fashion of insurance, were recognised are

quite remarkable. Indeed, during the greater part of this period, gambling in policies altogether superseded the legitimate business of insurance. The life of Sir Robert Walpole, whose person seemed at one time in peril from popular tumult, at another from party hatred, was always there to be insured, if less attractive propositions were not that morning to be discovered.

It is difficult to imagine the state of indignation which would have been aroused if, during the late war when the King went to his troops in France, great premiums had been asked and paid against his return. Yet that happened to his predecessor in the 18th Century. When George the Second fought at Dettingen, 25 per cent. was openly paid against his return. The movements of Charles Edward, the Young Pretender, in 1745, provided one with a sensation of terror in the morning and an opportunity of putting some cash into one's pocket in the afternoon. There were no daily newspapers, and in much later days, when Wellington was fighting in the Peninsula, the news of Busaco and Badajoz

took a fortnight to reach London. Charles Edward's march to Derby at the head of his dreaded Highlanders, and his retreat, put a good deal of money into the hands of the assurers of Lloyd's and the members of Garraway's. Nor, when this rabble had melted away, and he himself was a fugitive in the Western Islands, was their ingenuity at a loss. The Young Pretender was insured against capture; he was insured against decapitation; and if the poor youth could only have gathered up the money which was wagered one way or another upon his luckless head, he would have had enough for another fling at the Throne.

But even though Charles Edward was not captured, many of his followers were. Everyone remembers how Lady Nithsdale rescued her husband from the Tower by dressing him in her clothes and remaining behind in his. You would hardly believe that that gallant exploit raised the wildest indignation in the City of London because so many underwriters stood to lose if Lord Nithsdale kept his head upon his shoulders. Would Admiral Byng be condemned and shot? Would he be

condemned and not shot? Would he be acquitted? What was the value of the life of the Duke of Newcastle, Prime Minister when Minorca was lost? Any of these questions could form the subject of a wager by means of a policy of assurance. The strangest dispute of all, however, finally led to the intervention of the Law, and a decision by Lord Chief Justice Mansfield, that a policy of assurance entered into by a person holding no insurable interest was against public interest.

This dispute, which provoked a commotion almost inconceivable to us, was concerned with the sex of the Chevalier d'Eon. We are apt to take historical events for granted, neither marvelling at their strangeness nor speculating upon the manner with which contemporaries received them. Can you imagine a Frenchman of distinction, coming to England upon a confidential mission, quarrelling with the Ambassador of his country, accusing publicly this or that statesman of treachery, and finally arousing the most widespread doubts as to whether he was a man or a woman? Yet this very thing did happen to Charles

Geneviève Louise Auguste d'Eon de Beaumont, and we hardly need to be told that the assurance brokers of the City of London found this spicy problem very much to their taste. Policies were opened by which it was undertaken that, on payment of fifteen guineas down, one hundred should be returned whenever the Chevalier was proved to be a woman. The Chevalier, after some passing pretence of indignation, graciously allowed, that at a certain Coffee House, at the hour of noon, he would satisfy all whom it might concern. As may be easily imagined, the assurances were immediately and greatly increased, and there should be no reasonable doubt that the Chevalier got in return for his condescension what nowadays we should call a "rake off."

At the appointed hour, the Chevalier appeared in the uniform and the decorations of an officer, and, claiming to belong to the sex whose dress he wore, challenged anyone present to disprove it with sword or cudgel.

This was not the sort of solution of the problem which commended itself to the citizens of that day, and all the more, since

the Chevalier was known to be remarkably expert with the small sword. The crowd of underwriters and brokers dissolved, leaving the great question of the day unanswered. An action was brought in the Court of Lord Chief Justice Mansfield, who gave the decision to which we have already referred. An Act had already been passed that insurance made on the life of any person on the account of another who had no interest in that life should be void. Lord Chief Justice Mansfield laid it down that the same principle should be held even when the policy was not a policy on life.

It is obvious that the system of insurance, once it became general, would give opportunities to the ingenious criminal. The cases, however, of such frauds or such attempted frauds are, comparatively to the vast volume of insurance business done, astonishingly few. Still fewer present those conflicts of emotion—those struggles between ill-assorted natures thrown together in the jumble of life—which alone give interest to the study of crime. Most of the insurance-frauds represent no more than sordid efforts by mean men or women. One

or two cases, however, do stand out by something especial in the way of audacity or imagination on the part of the chief criminal.

That of Thomas Griffith Wainwright is probably the most remarkable. Wainwright was a person of amazing vanity and considerable good looks, who affected the military style of dress which was the last word of male fashion in the days when he lived. You may read a description of the man in Bulwer Lytton's novel "Lucretia," where Wainwright postures as Gabriel Verney. Postures is the word, for though Wainwright was not without talents and high abilities, to posture was the enjoyment and ambition of his life. He contributed articles to the "London Magazine" at a time when Lamb, Barry Cornwall, Haslitt and Alan Cunningham were the chief contributors. Under the name of "Janus Weathercock" he wrote on Art, the Ballet and the Opera. He wrote in a fashion which has become much more common to-day than it was then: the fashion, I mean, of creating first of all a personality, through the eyes of which the

subjects to be reviewed are seen. The "Eye Witness" whom Wainwright described to the readers of the "London Magazine" was, needless to say, himself, and he drew the picture of himself with so loving a pen, such luxuriant details of his elegant dress, his fine appearance and his exquisite manners, as would make the very effigy of a coxcomb. That one might not misunderstand his writings, he enforced them with his pencil—he was an artist of no small ability—and drew types of female beauty in which "the voluptuous trembled on the borders of the indelicate"—we quote his own luscious phrase. As you can imagine, he had no high opinion of the artistic capabilities of other men, and like all persons endowed with so triumphant a vanity, he impressed those more modest craftsmen who were conscious of their imperfections. He fairly took in Charles Lamb, for instance, who spoke of him as kind and light-hearted.

Never were two epithets so misapplied by a man with a genius for insight, for "Janus Weathercock" was a forger and had even then murder in his mind. He ceased to

write. He went with his wife on a visit to his uncle. After a short illness the uncle died, and Wainwright inherited the property. It was not nearly enough to satisfy this high-flown gentleman's needs. Moreover, it was held by trustees, so that only the interest reached his hands. He forged the names of his trustees to a Power of Attorney apparently with so much success, that for a long while no suspicion was aroused. He apparently forged five such documents, but, even so, poverty was always at his door.

At what particular date he turned his thoughts to the possibilities of insurance we do not know, but it was in the year 1830 that the two young step-sisters of his wife, Helene Frances Phœbe and Madeline Abercrombie, began to haunt the insurance offices of the City. Helene Frances Phœbe wanted her life insured for sums ranging from £2,000 to £3,000 for periods of not longer than two to three years. From office to office these young ladies went, and they were actually able to effect these insurance policies for an aggregate amount of no less than £18,000. The

policies once effected, Wainwright had recourse to an ingenious device. Phœbe gave out that she was going abroad and made her will in favour of her sister, Madeline, with Wainwright as the sole executor. He would have, in the event of Phœbe's death, complete control over the money paid by the Insurance Companies, although he would not stand in the suspicious position of one who had had the money bequeathed to him by will. He might still, of course, be suspected, but he would be a long step further from suspicion than if the crude method of leaving the money to him had been adopted.

There can be little doubt that Phœbe, and probably Madeline too, under the spell of this man's ascendancy, were parties to the plot—as they understood it. Phœbe was to disappear on the Continent. By means of forged papers Wainwright was to prove her death, collect the insurance money, and join her with the rest of the family on the Continent. This was no doubt the plan talked over of an evening in those shabby furnished rooms in Conduit Street to which the family had been now

reduced. But this was merely the plan by which Wainwright had secured the help of the two young and attractive girls. Unspoken, at the back of his mind, lay a much more sinister project. The night after Phœbe Abercrombie had settled her affairs, she went to the theatre with the rest of the family. A lobster supper followed upon their return to their lodgings, and in the night Phœbe was taken ill. She died—Oh ! prudent Mr. Wainwright !—at a time when he was out walking with his wife. The body was examined and a certificate of death was issued by the doctor in the ordinary way. Wainwright began to demand his £18,000 from the various Insurance offices. They declined to pay. Wainwright left England and commenced an action. But such a light did the Counsel for the Insurance Company throw upon Wainwright's manoeuvres that his claim was rejected by the Jury. The Bank of England apparently began now to look into that little matter of the Power of Attorney. Wainwright's forgeries were discovered, and Wainwright wisely preferred to remain at Boulogne. He lodged there,

by the way, with an English officer whose life he managed to insure for £5,000, and after one premium had been paid the English officer died. Wainwright seems then to have wandered for a while in France. He certainly was arrested by the French police and imprisoned at Paris for six months. Impelled by some interest of which we do not know, he returned to London for forty-eight hours ; and during those forty-eight hours he made the one small fatal mistake which put an end to his activities. He stayed in an hotel close to Covent Garden, but, startled by some disturbance in the street, he for a moment drew the blind aside and looked out. By one of those coincidences which are not so uncommon as the pedantic would have one to believe, there was a man passing in the street who knew him. The passer-by caught a glimpse of the face peeping out from behind the blind and cried aloud "That's Wainwright, the bank forger." He was tried on a charge of forgery, sentenced to transportation for life, and died miserably, years afterwards, in Sydney.

CHAPTER VII.

THE CORPORATION.

AN earlier chapter gave some account of the origin and beginnings of the Royal Exchange Assurance Corporation. It would not be in keeping with this note on the occasion of the Bicentenary of the Corporation to enter into those details of profits, advantages and benefits, which are more suitable to a prospectus. But certain landmarks may well be noted.

The year 1720 was, as we have seen, the difficult year in the history of the Corporation. It was the first year when the Corporation worked under its new Charter, and under its present name. It was the one year of all its two hundred in which for reasons which we have understood it paid no dividend upon its stock. Yet, during this one year of 1720, it gave such

proofs of courage and vitality as must have inspired all intimately interested in its operations, with a very stout confidence; for although the threat of disaster was at the door, its Directors went blithely on their way, organising the extension of its business.

In 1720 it absorbed the Sadler's Hall Company, which with a nominal capital of two millions was unable to obtain a Charter under which it could do business. In 1721, the Royal Exchange Assurance Corporation added to the Charter which it already possessed, another, granting it power to insure for life and against fire. In 1721, it appointed its first agent. Let us set down the actual date and record the name of the man, the fore-runner of so many thousands who were to carry on the torch, each in his turn, through the next two hundred years. On 22nd May, the Directors appointed Mr. Palmer, of Ockingham, in Berkshire, its agent.

After that day the Corporation set to work very quickly to extend its agencies, for on the 31st of the same month it agreed to appoint "as many country postmasters

THE SECOND
ROYAL EXCHANGE.

Proof of First Heading
on Fire Policies, 1721.



Mr. Cawby may pay Mr. Michell Two pounds Twelve
Shillings & six pence for Printing the Paper
Plates for his Print 'Henry Bonomi'

May 20: 1721

R. N. C.

as are proper to be country correspondents"; and by the next year, so widely had the system been increased, that it resolved, by a formal declaration, to undertake no responsibility in any town of America where it had not already an agent appointed.

The Corporation's machinery for dealing with fires was at this time, primitive as all such arrangements then were. It appointed one man whose business it was to fix the firemarks upon the houses insured, and in his odd times to run messages for the office. The firemark itself was an object of some discussion at the meetings of the Board. It was too heavy, and it seems there was too much gilding to satisfy the frugality of the Directors. Mr. Spelman, the Fire Clerk, was accordingly ordered to provide two new samples from which the Directors might choose; and he was especially enjoined to inform the Committee of the exact price of the mark "distinguishing what the lead will cost and what the gilding will come to." It seems that the unfortunate Mr. Spelman, even with this sharp hint to remind him of his duties,

could not restrain his passion for gilding. The Fire Committee accordingly took the matter out of Mr. Spelman's hands and ordered "the Plumber that used to serve the Company to make a model of the mark with a large crown, and lay the expense before the Committee." The Plumber understood his Committee better than Mr. Spelman, and the Firemark with the large crown, which to-day decorates some of the houses originally insured under a policy with the Royal Exchange Assurance Corporation, is the very same mark which was designed in 1721 by that economical and understanding plumber. Mr. Smith, who founded the plumber's design, received 14½d. for each firemark. The ha'penny alone should have been sufficient by the confidence which it inspired in the economical management of the Company to have brought hundreds of annuitants on to those hone stones which paved the second Royal Exchange as they had done the first.

To the one fireman and messenger combined were shortly added others, and we find in the year 1752 that thirty-six firemen, nine porters and four carmen paraded the

West end of the town—it is to be supposed as an advertisement for the Corporation. It was the custom of those days to employ as firemen, watermen who plied habitually on the Thames. These were stout and handy men, although since the Thames was the general highway of London, it looks as if their ordinary occupation must have suffered. They wore the liveries of their separate offices, and those employed by the Royal Exchange Assurance Corporation must have cut a fine figure when they paraded the West end of the town, in a livery of yellow lined with pink, with music playing in front of them, and five shillings in their pockets for their dinners. The custom by which each separate insurance company kept its own firemen was a bad one in the public interest. For it meant that if the house in flames bore the firemark of a different company, the firemen simply went home and left the building burning. It was not until January 1866, that the Metropolitan Fire Brigade, as we know it, came into existence.

The Royal Exchange Assurance Corporation stands to-day its own evidence

and justification. It was the first Insurance Office to extend its work to the troubled country of Ireland, where fires were more than ordinarily common, for it opened its first office in Abbey Street, Dublin, in the year 1722: and it retains to-day by the activity of its agents and the extension of its business that pre-eminence which its priority in time first gave to it. Of late years it has undertaken much work which in other days would have been deemed quite outside the scope of an Insurance Corporation. It was the first Insurance Office in England to set up a Trustee branch. This was in 1904, when as yet there was no Public Trustee, and many a legatee's affairs were plunged into confusion by the death or business inexperience of an Executor. Thus, though not a philanthropic institution, the Corporation has pursued its business by beneficent means. It has seen companies—such as that which was originated by the famed Mr. Montague Tigg—blaze for a moment in a false prosperity and then disappear. It has remained proud in its antiquity, faithful to its traditions, and yet alert to each new

development of the machinery of life which could strengthen its foundations and extend its influence. It has survived the most momentous changes and the most difficult crises in the national life of Great Britain. Yes, but self-preservation is not everything. For a Corporation to live for two hundred years is very well in itself; but to live at the end of that time amidst the increasing confidence and good will of those who have entrusted their interests to its care is a greater matter of which the Royal Exchange Assurance Corporation may well be infinitely proud.

A. E. W. MASON.

